VOLUME 30, ISSUE 2, 2ND QUARTER 2024

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Commerce Concepts

Market Updates, Asset Allocation, and Investment Education for Plan Participants and Individuals

Reaching Retirement: Now What?

You've worked hard your whole life, anticipating the day you would finally be able to retire. Congratulations, that day has arrived! But with it comes the realization that you'll need to carefully manage your assets to give them lasting potential.

Review your portfolio regularly

Traditional wisdom holds that retirees should value the safety of their principal above all else. For this reason, you may assume your investment portfolio should be shifted to all fixed-income investments, such as bonds and money market accounts. The problem with this approach is that you'll lose purchasing power if the return on your investments doesn't keep up with inflation.

Spend wisely

Don't assume that you'll be able to live on the earnings generated by your retirement accounts. At some point, you'll probably have to start drawing on the principal. But you'll want to be careful not to spend too much too soon — this can be a great temptation, particularly early in retirement.

A good guideline is to make sure your annual withdrawal rate isn't greater than 4% to 6% of your portfolio. Remember that if you whittle away your principal too quickly, you may not be able to earn enough on what remains to carry you through the later years.

Understand your retirement plan distribution options

Most traditional pension plans pay benefits in the form of an annuity. Other employer sponsored retirement plans, such as a 401(k), typically don't offer annuities. However, this is beginning to change as a result of legislation passed in 2019 that makes it easier to offer such products.

It often makes sense to roll your employer retirement account into an IRA, which typically has flexible withdrawal and tax withholding options for subesequent distributions.

Additionally, you may also choose to take a lump sum distribution from your work-based retirement plan; however, this could incur a substantial tax obligation. Some employer sponsored plans also allow for partial or periodic withdrawal options such as those offered by IRAs, although most do not.

Plan for required distributions

Keep in mind that you must generally begin taking required minimum distributions (RMDs) from employer sponsored retirement plans and traditional IRAs after you reach age 73 (75 for those who reach age 73 during or after 2033), whether you need the money or not. Roth IRAs are not subject to RMDs during the original owner's lifetime.

Know your Social Security options

You'll need to decide when to start receiving your Social Security retirement benefits. At normal retirement age (66 to 67, depending on the year you were born), you can receive

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WIN A $25 GIFT CARD

to your choice of REI or Powell's!
(See page 2 for details)

Congratulations to our most recent winner:

Anna B. of McKanna Bishop Joffe, LLP

Visit ***thecommco.com/commerce-concepts*** *for the answer to last issue's question.*

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Retirement & Investment Services

Indexes are unmanaged and cannot be invested in directly. Past results are not predictive of future results. Individual results will vary. The trailing returns shown include dividends. See page four for index definitions.

Source:
Raymond James Financial Services

To be entered into a drawing to win a

$25 Gift Card,

email free@thecommco.com with the answer to this question:

Which type of retirement account is not subject to Required Minimum Distributions?

Market Update

Through March 31, 2024

		Trailing Returns			
		3 mos	12 mos	5 yrs	10 yrs
Blue Chip US Stocks	Dow Jones Industrial Average	6.14%	22.18%	11.31%	11.76%
Large Company US Stocks	S&P 500	10.56%	29.88%	15.05%	12.96%
Small Company US Stocks	Russell 2000	5.18%	19.71%	8.10%	7.58%
Non-US Stocks	MSCI EAFE (Gross Div)	5.93%	15.90%	7.85%	5.30%
US Bonds	Bloomberg US Aggregate	-0.78%	1.70%	0.36%	1.54%
Cash Alternatives	ICE B of A 3 Month US Tsy Bill	1.29%	5.24%	2.02%	1.38%

Economic Snapshot

Gross Domestic Product (GDP)
Growth is expected to continue to moderate over the next several quarters. We expect a soft landing to occur.

Housing and Construction
Despite the headwinds of high mortgage rates and rising construction costs, the low supply of homes has kept prices somewhat stable. Lower rates later in 2024 might provide some additional relief.

Manufacturing
The ISM Manufacturing Index remained in contraction for all of 2023 but should start to recover in the second half of the year as the Fed starts to ease rates.

Employment
The labor market has been cooling. We expect it to weaken further in 2024, but remain positive.

Monetary Policy
Based upon inflation reporting in early April, the Fed is likely to keep rates higher for several more months before starting to lower rates.

Inflation
The current disinflationary trend is likely to continue as economic activity weakens. Headline inflation should move lower over the next few quarters.

Investment Strategy Quarterly: Published by Raymond James and Associates, April 2024. For a complete PDF copy of the current issue of Investment Strategy Quarterly, click here or email newsletter@thecommco.com.

March Market Review

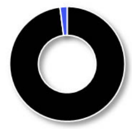
- March was a month of new records. All three major equity indices — the S&P 500, Dow Jones Industrial Average and Nasdaq — hit all-time highs, and equity markets were positive for the fifth month in a row. The equity market's strong start may increase the likelihood of near-term volatility. It typically experiences three to four pullbacks of 5% or more each year and hasn't had one since September 2023.
- Bond yields were largely unchanged this month, sitting close to the upper end of their year-to-date range. Though the high quality corporate curve is fairly flat, it boasts higher yields than have been available for nearly two decades. Longer-term municipal yields benefit from an upward sloping curve from 15-30 years in maturity, providing attractive taxable equivalent yields for high earners.
- The U.S. economy remains on solid footing, supported by strong job gains, improving housing activity metrics and growing consumer spending. The Leading Economic Index, a monthly general indicator of where the U.S. economy is heading, was positive in February 2024 for the first time since February of 2022. The U.S. service sector continued to expand. Industrial production was slightly positive (and higher than expected), with construction as well as business equipment production driving the Index higher.

For additional asset allocation and disclosure information, please [click here] or visit the Resources section of our website at

thecommco.com

Strategic Asset Allocation Models

As of April 2024

Equities Fixed Income Cash Alternatives					
	Conservative	Moderate	Balanced	Growth	Aggressive
Equity	**30%**	**48%**	**63%**	**77%**	**98%**
Equity allocation comprises:					
U.S. Large Cap Blend	20%	22%	27%	32%	45%
U.S. Large Cap Growth	0%	3%	5%	7%	8%
U.S. Large Cap Value	0%	3%	5%	7%	8%
U.S. Mid Cap Equity	4%	7%	9%	11%	13%
U.S. Small Cap Equity	1%	3%	5%	7%	8%
Non-U.S. Developed Market Equity	5%	10%	8%	9%	11%
Non-U.S. Emerging Market Equity	0%	0%	4%	4%	5%
Fixed Income	**68%**	**50%**	**35%**	**21%**	**0%**
Fixed income allocation comprises:					
Investment Grade Intermediate Maturity	58%	41%	31%	21%	0%
Investment Grade Short Maturity	0%	0%	0%	0%	0%
Non-Investment Grade (High Yield)	7%	6%	4%	0%	0%
Non-U.S. Fixed Income	3%	3%	0%	0%	0%
Multi-Sector Fixed Income	0%	0%	0%	0%	0%
Alternative Investments	**0%**	**0%**	**0%**	**0%**	**0%**
Cash & Cash Alternatives	**2%**	**2%**	**2%**	**2%**	**2%**
Totals	**100%**	**100%**	**100%**	**100%**	**100%**

These asset allocation targets are based on our changing views of the risk and return in the various asset classes, looking out over three or more years. The models assume fully allocated portfolios and do not take into account outside assets, additional cash reserves held independent of these models, or any actual investor's unique circumstances. Investors should consult their financial advisor to decide how these models might assist in the development of their individual portfolios. Material is provided for informational purposes only and does not constitute a recommendation.

The investment profile is hypothetical, and the asset allocations are presented only as examples and are not intended as investment advice. Asset allocation and diversification do not assure a profit or protect against loss. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in small- and mid-cap stocks generally involves greater risks, and therefore may not be appropriate for every investor. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. High-yield bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. Real estate investments can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

Index definitions: The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The ICE BofAML 3-Month US Treasury Bill index consists of a single issue that is purchased at the beginning of the month and held for a full month. At month's end, that issue is sold and rolled into a newly selected issue, which is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. The selected issue must have settled on or before the month-end rebalancing date. Past performance may not be indicative of future results. An investment cannot be made in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns.

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your full Social Security retirement benefit. You can elect to receive your benefit as early as age 62, but if you begin before your normal retirement age, your monthly amount will be reduced. Conversely, if you delay claiming beyond normal retirement age, you may be able to claim an increased monthly amount.

Facing a shortfall

What if you're nearing retirement and you determine that your retirement income may not be adequate to meet your retirement expenses? You may need to change your spending and saving habits. Saving even a little more money can really add up if you do it consistently and earn a reasonable rate of return. And by making permanent changes to your monthly spending, your savings could last even longer.

Start by preparing a budget to see where your money is going, and then consider these possible changes to it as retirement approaches:

- Look into refinancing your home mortgage for a lower payment, or consider moving to a less expensive home that might fit your retirement lifestyle.
- Plan to pay off any outstanding consumer debts before your retirement date.
- Ask about insurance discounts and review your insurance needs (e.g., your need for life and disability insurance may have lessened).
- Look for places where you currently spend money to save time (take out meals, cleaning services, etc.), and consider changes to those arrangements in retirement, when you may have more time and less expendable income.

If you're looking ahead to making the transition to retirement within the next two to three years and would like some guidance on making sure you're ready, email us at newsletter@thecommco.com to schedule a personal conversation with a financial advisor. By planning carefully, investing wisely, and spending thoughtfully, you can increase the likelihood that your retirement will be a financially comfortable one.